NOV 1940

The Casualty & Surety Journal

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Producers — agents, brokers, special agents — should read carefully all articles for helpful suggestions that will assist you in your daily sales and service activities

The Casualty & Surety Journal

A Magazine of Ideas

Published for those interested in casualty insurance and suretyship by the Association of Casualty and Surety Executives. Authors have been invited to express their own personal opinions which are not necessarily always those of the Association

VOL. I NOVEMBER 1940 NO. 6

Needed Coverages Not Commonly Sold

F. W. POTTER

★ VERY few agents today realize the magnitude of the great insurance industry. Last year the American public paid in premiums close to four and one-half billion dollars. Compare this total with any business or industry in the country today and it will be found that the insurance industry virtually tops them all.

Of all forms of insurance, the casualty division is showing the most rapid growth and last year reached the amazing total of one billion, two hundred million dollars. There are over 162 different forms of casualty insurance, each form doing its bit towards making the total. Unfortunately, too many agents have stuck to only four or five of the 162 lines, whereas several lines offer a promising field to the alert agent who knows his business.

And he will enjoy soliciting these lines because there is little competition and in most instances the surface has hardly been scratched. We feel certain that if only you can get a little insight into many of these desirable forms of insurance, you will obtain the proper vision and enthusiasm to go out and sell these lines. They all have been brought out because they meet some specific need of the public.

Personal liability is one of the

finest entrees to the individual prospect, a line designed a few years ago to give the individual blanket protection on practically every form of liability due to injuries to the public. You can go to almost any prospect owning a home, be it large or small, and say:

"We have a form of insurance that protects you and your wife against practically every form of liability that you may meet. It not only covers anyone injured about your home, including your dog biting someone on the premises, but will include injuries to any of your employees. It also takes care of you and your wife for any liability for injury to the public due to participation in any athletic sport or game. Also, hunting, fishing, and use of a bicycle or rowboat, is covered, as well as the use of saddle animals not owned by you.

"And it covers any other personal act of yourself and your wife that might cause personal injuries to members of the public.

"We have paid many claims under this section of the policy, such as those caused by striking someone in the eye with an umbrella or tripping someone going through a revolving door."

Money and Securities Destruction is a new form meeting with wide acceptance when actively pushed. You can show any prospect that his fire insurance policy, even with the extended coverage endorsement, does not give any protection on money and securities that may be destroyed by fire, tornado, or any other cause. We now have a money and securities

F. W. POTTER

destruction policy that gives all-loss protection on money and securities lost through damage or destruction from any cause. Be careful to explain, however, that this does not cover theft.

It is surprising to see how relatively few agents do any solicita-

The Casualty and Surety Journal is published monthly at Concord, New Hampshire, with the exception of the summer months, by the Association of Casualty and Surety Executives for representatives of its member companies, and others interested. Editorial and general offices at 60 John Street, New York City. Subscription price, one dollar a year. Entire contents copyrighted 1940, by the Association of Casualty and Surety Executives, but reproduction privileges of original material are hereby granted, if usual credit is given.
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tion on fidelity bonds. A recent survey in one of our large cities showed that only 8% of the places of business that should be carrying fidelity bonds had this necessary form of protection.

"Blanket" Coverage

Every agent should spend a little time studying the broad forms of fidelity bonds that are offered today. The blanket position bond that covers every employee up to the penalty of the bond is meeting with wide demand when properly explained; also, the blanket commercial bond which offers blanket protection for the full amount of the bond over the entire organization.

Many firms have picked out a few employees, such as a bookkeeper or cashier, and found to their sorrow that they picked the wrong employees to bond. These blanket bonds do not leave it up to the employer to do any picking because every employee is covered.

There are dozens of other forms of casualty coverage, but it is up to each agent, if ambitious, to read much of the material that is available to brush up on all of these desirable forms.

And don't look for someone else to do the reading and research for you. Do it yourself and you will become so enthusiastic that you will impress your prospect and often transfer that enthusiasm to him and then you have made a sale.

COMING FEATURES

We're not going to tell you the whole story — or "stories" — of what's in store for the coming months. But perhaps we can whet your appetite just a little with a few tidbits. For instance, D. deR. M. Scarritt tells of "Aviation Insurance." . . . R. E. Baker suggests that you "Give Him a Reason to Buy," and tells how. . . . For some interesting sidelights on "State Funds," page J. Dewey Dorsett. . . . "Doors of Opportunity" are opened by E. B. Moran, of the National Association of Credit Men. . . . Are you overlooking "Accident and Health?" — Don't — such is the advice of Harold Roos. . . . Payroll Auditing, Boiler and Machinery, Surety Rates, Credit Insurance, Discovery Bonds. . . . Watch, look, listen, read and heed. All these subjects will be given you in early issues of The Casualty and Surety Journal.

About That Automobile Accident—

Will It Be Fatal?

(CAR OCCUPANTS)

SPEED *and* DEATH

20 m.p.h.	1	fatality to	70	injured
20–29	1	fatality to	45	injured
30–39	1	fatality to	37	injured
40–49	1	fatality to	30	injured
50 & over	1	fatality to	13	injured

The probability of death for car occupants involved in accidents increases with speed. Figures based on actual reports submitted by a number of states.

Who Will Be Killed?

(PEDESTRIANS)

AGE *and* DEATH

Age Group	*Probability of Fatality*
4 yrs. & under	1 in 63
5–14	1 in 21
15–24	1 in 16
25–39	1 in 9
40–54	1 in 8
55–64	1 in 4
65 & over	1 in 4

Pedestrians 55 and over are more often killed, when involved in traffic accidents, than younger pedestrians. (Figures based on accident reports submitted to the Oregon Highway Department.)

What Will It Cost?

(OCCUPANTS *and* PEDESTRIANS)

SPEED *and* MONEY

Speed	*Av. Cost per Accident*
0–10 m.p.h.	$ 600
10–20	750
20–30	1,000
30–40	1,400
40–50	2,000
50–60	2,500
60–70	4,900
70 & over	5,800

Figures reported by the Minnesota Traffic Engineering Department. Costs of death estimated at $10,000; injury at $500; and property damage exactly as reported.

Stock Company Insurance

..... through accident prevention activities PREVENTS ACCIDENTS

•

..... through safe and adequate coverage PAYS PROMPTLY

How Safety Programs Follow Workmen's Compensation Laws

Safety Programs Are a Powerful Vehicle to Help You Establish Good Public Relations in Your Own Local Community

J. DEWEY DORSETT

★ Making the employer the insurer of his employees introduces an insurance principle. It has become recognized generally that the only satisfactory method of financing the payment of benefits to injured workmen is through insuring the employer's liability.

By the principle of insurance, the cost is spread over the employed group and in the first instance the burden of this cost is carried by the employer.

But the employer has advantages under a workmen's compensation law, also. He gains freedom from the more disagreeable features of court litigation. A good relation is created between the employer and his employees and no hard feelings are engendered as the result of compensation claims, as we often see in court actions.

From my experience, I would say that the employer usually assists his injured employee to get what is due him under the law, and this is as it should be. My experience has also been that the insurance carrier's representatives aid the legitimately injured employee in every possible way to receive as promptly as possible his compensation benefits.

The whole public gains through an improvement in industrial relations.

Employers can largely control insurance rates by reducing losses through the enforcement of accident and disease prevention measures. The rate of each business operation depends largely on the relation of losses to payrolls — the higher the losses compared to payrolls, the higher the rate. It has often been said that in the last analysis policyholders make the rates they pay for their insurance.

See "Growth of Workmen's Compensation," by J. Dewey Dorsett, THE CASUALTY AND SURETY JOURNAL, October, 1940, page 26.

Safety Promotion

There has followed the enactment of every compensation law I know anything about, a safety program to prevent accidents and disease in our work places. Let me urge that you cooperate with all your influence and power in such a program. Safety is the first law of nature. It is the law of self-preservation and the primary instinct of everything that breathes.

Safety should be the first law of the insurance business. Your stock insurance companies, members of the Association of Casualty and Surety Executives, have worked long in field and laboratory in accident prevention activities to bring to you who produce business and through you to the policyholders, a type of performance far beyond the most liberal interpretation which possibly could be construed, from a reading of the policy contract.

Primary Importance

I think the promotion of safety is a primary job of the insurance business. Your stock insurance companies, members of the Association of Casualty and Surety Executives, maintain their National Conservation Bureau for two primary purposes:

(1) To make an effective, sincere and permanent contribution in the name of capital stock insurance to the great crusade that is being carried on to save lives, rescue thousands from the fate of a cripple, and protect private property against the greatest of all destroyers, the preventable accident.

(2) To work continuously for reduction of accident figures to the end that insurance rates may be held to a level consistent with good business and the ability of the general public to enjoy the advantages, security and peace of mind that come with sound insurance protection.

J. DEWEY DORSETT

These are objectives of great importance to you, who, as the agents of the capital stock companies, produce the business. Here is a powerful vehicle to help you

establish good public relations in your own community, to help you make your own town a safer and happier place, a spot where men, women and children may live in peace and security.

It offers you a real chance to take a leading part, within your own sphere of influence, in a crusade which has no enemies, only friends.

It furnishes you with a sure answer to the challenge of those who would abolish the middleman from the American industrial system, that system which made America what it is today.

It gives the lie to that new philosophy designed to suppress the profit motive in business and to exclude the middleman therefrom.

Of such stuff is good public relations made. It is the basis and the structure of public appreciation, and I need not remind you as sound business men that good public relations mean good business.

If there is any one thing that the depression has taught American business, from the cotton spindles in the South to the steel mills in the East, the lumber camps in the Northwest, and the agricultural belt in the Midwest, it is that we must interpret our American system in terms which the public understands.

Management has learned that it is not enough to merely perform worthy public services and remain content in the personal knowledge of a work well done. We must show the people that American business exists not solely for profit, but equally to serve and perform works of public benefit beyond the scope of business activity.

That, we have been told, is the Number 1 job of business and industry today. With that I agree; it is your job and mine, together.

Conversational Prolixity or Effervescent Verbosity?

. . . The next time your stenographer complains of difficult terminology, ask her how she'd like to be in the Liability department in the Home Office. Here are a few of the stickers that pop up in Home Office correspondence: chlorvinyldichlorarsine, monochlormethylchlorformate, ethylbromacetate, trinitronaphthalene, hexanitrodiphenylamine, pentaerythritetetranitrate, trimethylenetrinitramine. — George Malcolm-Smith.

How You Can Utilize the Services of Your Local Chamber of Commerce

Casualty and Surety Men Everywhere Will Find Helpful the Seven Distinct Services Available Locally

E. J. MAC EWAN

★ IN OUR profession, we know many insurance salesmen — the hard working fellow who is calling on prospects from early morning until late at night.

That fellow is apt to learn about business changes and other changes in the city too late. He never has time to mix with his fellow business men, and sometimes fails to realize that fellow salesmen in other lines of business can give him a lot of tips on where new business may be written. Opportunities to get together are much too few and up until recently the average Chamber of Commerce had perhaps never developed its information in such a way as to make it particularly accessible to the casualty and surety salesman.

What is this mysterious thing that hundreds of Chambers of Commerce have available that would make life easier and more successful for the average insurance salesman, everywhere?

(1) *Building Permit Lists.* — Most Chambers of Commerce issue either daily or weekly a list of building permits granted. These lists are sent to their members and they immediately become a prospect list for live business organizations for every commodity under the sun.

We have a salesman in our city who scarcely can wait until the list is received. The owner of the prospective building, the contractor and the sub-contractors are immediately the objects of his solicitation.

He learns through this list that a contractor who has been without jobs for several months is again a prospect for various forms of insurance. He learns that the man who has been renting a house soon will become a home owner. He learns of alterations and additions that immediately call for increases in insurance coverage. And he goes to these people with complete and detailed information as to

what they are intending to build and how much it is supposed to cost.

(2) *Directory Libraries.* — Most Chambers of Commerce maintain Directory Libraries which are a constant source of information for any intelligent man, whether he

E. J. MAC EWAN

be a member or not. From these Directory Libraries he can obtain classified lists of prospects in many different lines of business.

(3) *Salesmen's Club.* — If I were a salesman today in any city that did not have a Salesmen's Club, one of the first things that I would do would be to organize one.

To this club I should invite the salesmen from the light and gas companies and probably the telephone company, from the coal companies, the oil companies and the outside contact men for the local banks. I should invite the life insurance salesmen and the automobile salesmen.

I should not attempt to make the group too large to begin with but once a week, or at least once every two weeks, I should sit down with these fellows to discuss the things that were happening in the city.

(4) *New Prospects.* — Probably the Chamber of Commerce would have a list of the new residents moving into the city each week. This list should include not only new people in the residential districts but new stores, factories and other lines of business which were being set up in the business and industrial districts.

It would be a very excellent piece of strategy to call on these new people, welcome them to the city and merely explain your particular profession. When you make this call, try to have in your possession a booklet that may be issued by the Chamber of Commerce or the local newspaper that will give this newcomer facts that he or she should know about the city.

A good principle for any salesman to pursue is to always render service of some kind, even though

small, to the prospect whom you call on for the first time. A booklet on the city is that type of service, small but important. And some bit of information that may be applicable to his or her business is always appreciated.

(6) *Lists of Manufacturers.* — Most Chambers of Commerce publish a booklet or list of some kind giving a classified list of manufacturers. Some publish it by products. Many cities with an historical background have a booklet de-

LEFT: *"Finger-tip control" gives instant availability to Omaha's references.* BELOW: *The Los Angeles Chamber promotes foreign trade*

(5) *Outline of Business Conditions.* — Usually a Chamber of Commerce can supply up-to-date information on business conditions within the city. How have the bank deposits increased or decreased during the past month? Have more telephones been installed during the preceding month of this year as compared with last? Are employment figures up or down and payrolls in proportion?

voted entirely to the historical features of the city.

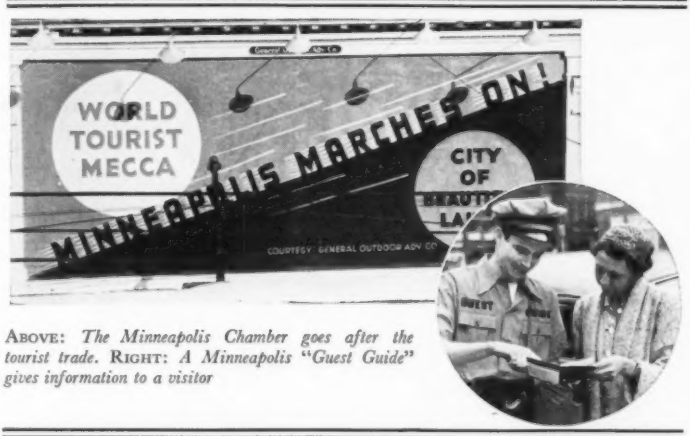
If you have never tried using what we term a "booklet approach" to a prospect, you may be pleasantly surprised by the lack of sales resistance when an approach of that kind is made.

(7) *Advance Information.* — Throughout the country today, live Chambers of Commerce are aiding materially in plans for na-

tional defense in the cities where plants have large orders for national defense purposes. Many changes thus are taking place in business and industry. New problems are arising many times each day and Chambers of Commerce are helping in their solution.

Therefore, they have in many instances advance information. All sorts of special bulletins are being issued. Sometimes several different ones are issued to each class of membership. After all, a Chamber of Commerce is the representative organization of the leading business and professional men and women in the city.

These facts are presented in the hope that they may arouse an interest in a new type of selling; facts that eliminate the "catch as catch can" method of getting prospects; facts that will give to the local salesman in any town or city a far better knowledge about his city than most of his acquaintances and friends will have.



ABOVE: *The Minneapolis Chamber goes after the tourist trade.* RIGHT: *A Minneapolis "Guest Guide" gives information to a visitor*

¶ An agent should set down all the forms of insurance he sells and check them against every account he has in his files. — G. M. O'Brien.

Comity between States in Supervision of Insurance

Continuance of This Fine Relationship between the States Seen as Necessary for the Good of the Institution of Insurance

HON. JOHN C. BLACKALL

★ COMITY between states in the supervision of insurance is, in my opinion, the fulcrum on which the administration of the laws in this country turn.

I do not refer to that comity which is only gentlemanly courtesy or politeness, nor do I mean that comity exists of necessity because of Section I of Article IV of the Constitution of the United States to the effect that "full faith and credit shall be given in each state to the public acts, records and judicial proceedings of every other state."

I refer to the comity that exists in the broad field between these two extremes; and, to put it tersely, I mean the facility with which an insurance company domiciled in one state is generally permitted to conduct itself in another state in accordance with its rights and powers in the state where it is domiciled, provided that the laws of the state in which it is domiciled are substantially in accord with those in the state to which it is admitted.

Some years ago, for ins ance, the life companies domiciled in Connecticut could lend on mortgages only up to half the appraised value of the property underlying the loan. At that time some life companies domiciled in other states could lend up to two-thirds of the value. Even before the law was passed bringing some uniformity into the picture, Connecticut held its own life companies to the Connecticut laws, but permitted the out-of-the-state life companies to operate in accordance with their own home state laws. No results injurious to the policyholders arose thereby.

I know that one of our substantial states does travel on the theory that no insurance company doing business in the United States should be admitted to that state if it conducted its business in any

other state contrary to the laws of the state to which I have reference. Apparently this rule or regulation has never been thoroughly tested out in court.

I am inclined to think that if it ever should be, the court might rule that in some instances such a regulation would be an extra-territorial and therefore futile exercise of power. I do not mean that this theory should go so far as to permit a company to act in a way that is contrary to the public policy of the state to which it is admitted.

Here again it must be remembered public policy is not always clearly defined. There are some court decisions that indicate that the public policy of a state can be found only in its legislative enactments; there are other conclusions that point to the theory that public policy embraces not only what is contained in legislative enactment, but goes further and includes what might be consistent with the history or traditions of a commonwealth. Consistent, that is, with the way the people are accustomed to think.

Connecticut falls in the latter class. Chief Justice Maltbie of our State, writing the decision in the case of Broderick *v.* McGuire, an action on the part of the New York Bank Commissioner to collect an assessment against a Connecticut stockholder of a defunct New York bank, uses the expression that it would not be a sufficient reason for the Connecticut courts to decline to enforce a right in the hands of a non-resident because in Connecticut law no similar right existed and he quoted with approval the language of a New York decision to the effect that New York courts "do not close their doors unless help would violate some fundamental principle of justice, some prevalent conception of good morals, some deep-rooted tradition of the common weal."

And in another decision written in 1937 by the same Chief Justice, the Connecticut court refused to permit a casualty company domiciled in Connecticut to enjoin a defendant assignee from proceeding in a Missouri Court to enforce the terms of the Contract. The succinct paragraph in that case is noteworthy and is as follows:

"The finding is that the policy of insurance here in question was issued in Missouri, upon the life of a resident of Missouri, and payable in case of his death to his wife, who is also a resident of that State. It is not the courts of Connecticut, but the courts of Missouri, to which any person seeking recovery upon the policy would properly and naturally have recourse to assert his rights. There is no im-

propriety in leaving the determination of the rights and liabilities of the parties to be made in proceedings in Missouri. Indeed, it hardly becomes the plaintiff, having had the advantage of the laws of Missouri in the conduct of its business there now to seek to avoid the determination of the issues which have arisen in its courts because it believes it will be subjected to some burden to which it might not be subjected in this State. If the beneficiary in the policy can secure some advantage through an action brought there, whether by herself or by the defendant as her assignee, there is nothing unconscionable in the situation which would justify the issuance of an injunction by the courts of this State restraining the plaintiff from prosecuting the suit."

New Ideas

I have always been interested in observing the way some substantially new idea is received by the institution of insurance as a whole.

The introduction of a non-assessable policy in the mutual field, looked at askance in the first instance, is now accepted as an ordinary everyday transaction, except nobody knows yet whether the Appellate courts in some states will coincide with the insurance supervisors (including Connecticut) in permitting such contracts. Is the theory of assessment so integrated into mutual insurance as to be incapable of divorcement by agreement between the company and the policyholder?

The retrospective rating plan in the workmen's compensation field met, for a time, with cold reception. It looked as though it was introducing a feature of cost plus into what was theretofore a closed contract through casualty actuarial experience. It is now, more or less, in general use.

The Safe Driver Reward Plan fell here and there on hostile ears. It, too, was a step away from accustomed theories of insurance giving a benefit to a careful driver that he did not theretofore enjoy except remotely.

A participating policy in a stock fire company is somewhat novel, but certain states which do not permit their own companies to write it will go along and at times allow the out-of-the-state company to write it.

Years ago comprehensive policies were sort of wayward relatives in the insurance family, but now they are permitted quite often to join the family circle, even though the welcome may not be a warm one.

By trial and error, by acting in

some states by way of an experiment, the result obtained in specific regions becomes helpful in determining the best policy to be adopted for the country as a whole.

It seems to me that the fostering influence in permitting this kind of comity to exist has been the functioning of the National Association of Insurance Commissioners. It is a voluntary organization with which practically every state cooperates; its resolutions and deliberations have no binding force in law but nevertheless they lay down a course of conduct that generally speaking is recognized as being sound, and is almost universally followed by the Commissioners themselves.

This produces in the administration of the insurance laws of the various states a certain resiliency that is needed in so complex and changing a business.

The necessity for such an approach to the regulation of the business arises out of what I consider a certain fallacy entertained by the public in regard to insurance contracts. This fallacy is that an exact and perfect formula has been arrived at in each special field, and this formula is then reduced to a contract called a policy, whether it be a fire policy, an automobile liability policy, a fidelity bond, a life annuity, or a life endowment policy.

But times change, men's rights and privileges and duties become modified by custom and by legislation. Facts and events have a habit of escaping from a formula and every time they escape a new formula must be adopted to recapture them. What today might seem important in the regulation of insurance companies may later only seem accidental and like all other accidents may be carried along by the main stream of events.

The continuance of this fine relationship between the states is absolutely necessary for the good of the institution of insurance.

¶ Increased efficiency makes possible lower prices, while the profit incentive insures the actual reduction of prices. The greatest profit to the business enterpriser is thus derived through giving to the masses the most for their money. The intent of the profit-maker, therefore, coincides with the welfare of the consumer. Under the pressure of competition the selling price of commodities is practically and persistently reduced. — Harold B. Moulton in "Income and Economic Progress"

Help Yourself to Fidelity Business

A Commercial Blanket Bond Is "Life Insurance" to Any Business Discovering a Real "Long Term" Embezzler within Its Portals

CARROLL R. YOUNG

★ UNTIL two years ago, moderate sized business enterprises had to be content with a small fidelity schedule ranging between $30,000 and $50,000, costing from $150 to $200 a year. This imposed the necessity of guesswork in selecting employees to be bonded and the specific amount of coverage on each. As a result, the employer usually didn't bond all of his employees, and if he did, the individual bond amounts were pathetically inadequate.

There was no other choice. Blanket forms were too expensive as were larger schedule sums. The agent felt obliged to keep bond amounts low and the premium within reason and pray that the coverage would not be called upon to pay a "catastrophe loss."

In other words, the agent felt he was in much the same position as the pioneer automobile dealer who had to have more faith in Providence than he did in his product: if the contraption did not work, he merely charged his loss of the customer to the imperfection of an infant industry.

While fidelity insurance has been offered by corporations engaging in suretyship for sixty-four years, it became a widely marketable product only recently. Fire, life, marine and other types of coverage passed through the very same awkward stages which must be expected of any work of mankind evolving toward perfection.

No one can say that the 1940 models of fidelity coverage cannot be improved, but we know we

Too many agents feel that selling dishonesty insurance presents a difficult if not an insurmountable production problem. Moreover, they realize that a defaulting employee under a bond which is grossly inadequate can prove the need for the coverage, thereby costing them prestige, to say nothing of the direct financial loss sustained by the insured.

have high-grade comprehensive protection to sell now and it is vastly more conducive to getting and keeping the customers' good will.

In May, 1938, rates on commercial blanket bonds for employers having less than twenty-

CARROLL R. YOUNG

six Class "A" employees (handling money or property as a regular part of their duties) were reduced up to 60%, thereby opening the door to selling more adequate cover — blanket on entire personnel in amounts of $10,000 upwards — at a cost generally comparable to that of the less adequate schedules.

With the improved blanket form available at reduced cost, each prospect or insured should understand the urgent need of insurance to pay losses of ten, twenty, thirty or fifty thousand dollars, or more.

A shortage of $10,000 is considered a "moderate sized" loss when peculations extend over four or five years. Yes, even when there has been a thorough outside audit regularly. Claim departments of any bonding company have many files to support this contention. No firm has compelling need of coverage to pay losses of a few hundred dollars or less; almost all could afford to assume these small shortages, but a commercial blanket is "life insurance" to any business discovering a real "long term" embezzler within its portals.

New Sales

Outside salesmen, drivers, collectors and employees having duties of a similar nature may be excluded under the blanket forms at the option of the insured. This new alternative provides exceptional sales opportunities. Although dishonesty occurs more frequently among the outside personnel, most often the amount of loss is comparatively small. If a firm has a staff of salesmen, collectors, etc., and has had a good loss experience on the group, con-

sideration should be given to eliminating such group from the proposed bond to take advantage of the resultant sizable reduction in premium.

Large losses are usually perpetrated by those having duties principally within the office; therefore, the employer should decide for himself whether or not his coverage should be designed to include outside positions as well. Most important, the buyer must realize that embezzlements have brought bankruptcy to many organizations and financial embarrassment to countless others. His prime objective must be a blanket contract affording relief should he face such a calamity.

Bonding companies are justified in emphasizing, with pride, that their careful fidelity investigations reduce the possibilities of loss. Likewise, employers are proud of their ability to hire wisely.

The advantage of this important sales point differs with the conditions under which the business is being solicited. Large corporations generally insist upon prompt and thorough investigations and consider them an important aid to the "double checking" of data developed by their employment department. Other prospects dislike any inference that the bonding company will "weed out" employees unable to qualify for bond. They feel it comes too close to being a reflection on the caliber of present personnel and an implication that the management failed to use good judgment in selecting the successful applicants.

It is advisable to withhold reference to this subject until the prospect has expressed his viewpoint on personnel control. Then the value of the investigations can be discussed with the proper degree of emphasis.

Last year American business paid over $40,000,000 in fidelity premiums to stock companies. Few classes of insurance produced a larger volume of commissions for agents. Confidence and pride in our streamlined 1940 dishonesty insurance should match that of the automobile dealer when he displays his new creation.

Sell it. We've got something that is the best buy in history, too!

Ever use a carbon copy of your pre-approach or advertising letter as a calling card when you follow through?

Choice Morsels

Detroit, Michigan. — He told the police, when they caught him "at work" at 2 A.M., that he was just examining the accounts to see how much money his wife had in the bank. But it was the wrong bank. And still his wife won't tell him.

Omaha, Nebraska. — A woman here will collect a court award of $9,535 if she doesn't speak above a whisper for the next 9½ years. Seems she had a bad case of "hysterical aphonia" (look it up yourself) as a result of an automobile accident. Said the judge: "I feel if she keeps quiet for 9½ years this will be a true practical test as to whether she had lost her speech from the accident." That's asking a lot of a woman!

Albany, New York. — We know just how he felt, that customer who went to sleep in a barber's chair, awakening only to find that his lovely, wax-tipped moustache had been completely clipped off. Now the barber is being sued for $1,500 Thus the field for moustache insurance, although limited, does seem to have some possibilities.

New York City. — The shock proved too great when a landlord shouted to one of his tenants over the phone: "Hello, sweetheart." Tenant was so surprised she tripped over a broken stair rod, fell downstairs and was in the hospital six months. "Telephone call" cost the landlord $15,000.

New York City. — Third Avenue was the scene of a "one-man blitzkrieg" recently when, in a stolen car, a man finally collided with an elevated pillar — but only after he had first crashed into *six* parked automobiles.

Brooklyn, New York. — Hauled into court on a charge of peddling without a license, a sidewalk suspender vendor — a born "salesman" — first talked himself out of a $1 fine, then sold four pairs of suspenders (25¢ each) to the judge, the cop who arrested him, and two of the court attendants. One dollar saved, and one dollar earned.

Illustration at top of page, used by courtesy of the General Electric Company.

Safety through Cooperation with State and Municipal Officials

Legislation, Education, Enforcement and Engineering Are the Four Keys to Street and Highway Safety

JOHN J. HALL

★ ONE of the most important and far-reaching projects of the National Conservation Bureau, Accident Prevention Division of the Association of Casualty and Surety Executives, has as its goal the achievement of the greatest possible degree of safety on the streets and highways of the nation. Because we are a democracy made up of 48 states and thousands of communities, there has long been a great need for a central, non-political and non-profit-making agency capable of informing our separate governmental units as to the best and most progressive methods of solving their traffic safety problems, and also capable of assisting and coordinating their individual efforts toward greater traffic safety in one efficient whole. The Special Service Division of the National Conservation Bureau has for a number of years endeavored to fulfil this need.

Driver education and traffic control should be directed by public officials in order to produce the best results. Legislation, education, enforcement, and engineering are the four keys to street and highway safety.

The National Conservation Bureau has long cooperated with the states in launching these various programs. It assisted in organizing the American Association of Motor Vehicle Administrators, which, like the Conservation Bureau, is working for uniform traffic laws, rules and regulations, better enforcement of traffic laws, research work in the field of safety, and competent safe driver education.

Recently the American Association of Motor Vehicle Administrators, assisted by the Esso Safety Foundation, inaugurated in cooperation with Yale University's Institute of Human Relations an ambitious program of motor vehicle driver research which will lead to a better understanding of the man behind the wheel — the

human factor which statistics have shown causes most motor vehicle accidents. The value of this research is inestimable.

The National Conservation Bureau has performed invaluable service in the introduction of driver education courses into the

JOHN J. HALL

schools. By constantly contacting state motor vehicle administrators and assisting them, the Conservation Bureau has greatly aided in the inauguration and development of driver education programs in many states.

Thirteen states have had prepared for them special state editions of "Man and the Motor Car," the National Conservation Bureau's driver education textbook. Over 200,000 copies of this book are now in use in nearly 6,000 schools!

Motor vehicle departments in at least seven states are now awarding to those students who have successfully completed their driver education courses, certificates which entitle the student to his driver's license without the necessity of taking the usual written or oral examination, although the eye and road tests are still required. The number of states adopting the Conservation Bureau's program of driver education is increasing semester by semester.

Community Traffic Safety

In the field of community traffic safety the National Conservation Bureau has developed a program designed to promote and maintain in the community a thorough knowledge of accident facts, pedestrian and driver safety education, adequate law enforcement, and competent traffic engineering. A guidebook for the municipal official, "Creating Safer Communities," is available which details every step the community authorities should follow in attaining this ideal. Over 140,000 copies of this publication have been distributed by the motor vehicle administrators of 33 states,

to the towns and municipalities located in each of their respective jurisdictions.

Posters

Hundreds of communities have sought and obtained the advice and assistance of the Conservation Bureau in solving their own specific safety problems. Two dramatic 24-sheet accident prevention billboard posters bearing the legends, "This Could Be You" and "Only Fools Drive Recklessly," are familiar to all motorists and pedestrians. These dramatic reproductions of the work of Hayden Hayden, noted American painter, were prepared and are distributed at cost by the National Conservation Bureau. A third poster will be available by December of this year. In 18 eastern states the Esso Safety Foundation donates these 24-sheet safety posters to the various motor vehicle departments.

Radio

Radio safety spot announcements are also prepared by the National Conservation Bureau and widely distributed to state and municipal authorities and radio stations. The next time you hear one of these brief, graphic warnings — perhaps of no more than thirty to sixty seconds' duration — you may be reasonably sure that it originated with the National Conservation Bureau.

These "spot" announcements are prepared for release at the proper season of the year; that is, those you will hear this fall will undoubtedly stress the hazards of pavements slippery with wet leaves,

These dramatic 24-sheet accident prevention billboard posters, prepared and distributed by the National Conservation Bureau, are familiar sights in many communities

early nightfall, sleet and rain, and the traffic congestion on football Saturday afternoons.

The National Conservation Bureau has cooperated closely with the Motor Carrier Bureau of the Interstate Commerce Commission since the formation of that organization in 1937. Prominent among the purposes of this Bureau is the goal of more comprehensive, more adequate, and more uniform traffic safety rules and regulations on a nationwide scale.

Typical of the Conservation Bureau's activities in this field is its recently published digest of those sections of the Interstate Commerce Commission's Revised Motor Carrier Safety Regulations which directly concern the driver. This publication, entitled "Truck and Bus Drivers' Rule Book," is scarcely off the press, yet the first edition of 100,000 copies is already almost entirely sold out, so great is the popular need for such concise, practical safety handbooks for truck and bus operators engaged in interstate commerce.

Importance to Agents

All stock casualty insurance men should be fully acquainted with the accident prevention work of the National Conservation Bureau, and be in a position to inform their clients of this tremendously important project of 63 leading stock casualty insurance companies in the public interest.

All insurance men know that rates have a strong bearing on the amount of insurance they write, and they also know that if organized safety work such as that performed by the Conservation Bureau was not being done constantly, the volume of business they now write might be greatly reduced because insurance rates would be prohibitive to many.

Hard business sense tells us that it is more economical to prevent accidents than to pay for them after they occur. Add to this the humanitarian truth that every personal injury, every death by preventable accident, means suffering and tragedy that might have been avoided — and the value of the National Conservation Bureau's work becomes doubly apparent, doubly a subject on which the stock casualty agent should be in a position to inform his client. For the conservation of life, limb, and property through accident prevention is definitely a vital part of stock casualty insurance.

It is the intention of the special service division of the National Conservation Bureau to further intensify its efforts in all the projects outlined in this article. So far the ground has only just been broken.

The present goals are: the nationwide tightening of motor vehicle operators' driver license examinations; a greater control over the driving acts of operators; the periodical inspection of all motor vehicles, in all states, at least twice a year; the institution of safe driver education in all schools; and the adoption of uniform traffic laws, rules, and regulations throughout the entire nation.

These goals will not be reached in a day, or a year, or perhaps many years. But steady progress is being made and when these goals are at last attained, there will undoubtedly be newer objectives of national safety as yet beyond the accident prevention horizon, toward which the special service division of the National Conservation Bureau will and must aspire.

Foster Heads Fidelity and Surety Department

Alexander Foster, Jr., formerly Assistant General Counsel and Vice President of the National Surety Corporation, has been appointed Manager of the Fidelity and Surety Department of the Association of Casualty and Surety Executives. Mr. Foster succeeds the late Col. Ralph F. Proctor, who died suddenly last spring following an emergency operation. In the interim, the department functioned under the direction of Harry P. Fix, assistant to Col. Proctor and who now continues as assistant to Mr. Foster.

A native of Rochester, New York, Mr. Foster took his law degree from the University of Buffalo. After a successful private practice in Rochester, he joined the Liquidation Bureau of the State Insurance Department, and in 1933 became Vice President of the National Surety Corporation. Two years later, he was appointed Assistant General Counsel, retaining the rank of a Vice President.

Fax and Figures

¶ *Up.* — Bicycle deaths in the year 1932 numbered 350; by 1938 the figure had risen to 700.

¶ *Dirt.* — A twenty-year investigation of dust explosions, conducted by the Department of Agriculture and the National Fire Protection Association, turned the searchlight on 398 explosions. Property loss amounted to $28,000,000, 318 people being killed and 712 injured.

¶ *Need for A. & H. Insurance?* — If you've ever wondered just what little minds think of, note this. 540 grade school pupils were queried as to their "worries." Results: Majority of the children worried (in order) about (1) failing a test, (2) mother working too hard, (3) mother getting sick. Thus mother wins two to one.

¶ *Accident Response.* — What happens during the-minute-that-seems-like-a-year when an automobile accident occurs, asks Harvard's Bureau for Street Traffic Research whose studies also suggest the answer. If it's a woman, she puts her hands in the air and screams; if it's a man, he grips the wheel and becomes tense and silent.

¶ *Rural Burglaries and Thefts.* — Storekeepers' burglary and robbery policies seem to sell equally well in urban and rural communities. A recent analysis of 100 such policies, picked at random, revealed that 48 were sold in small towns, and that in both cities and towns the appeal was to a wide diversification of business.

Among the clients were found proprietors of gasoline stations, electrical appliance shops, drugstores, grocery stores, lumber yards, hardware stores, garage and automobile dealers, liquor stores, dairies, clubs, restaurants and taverns, poultry dealers, upholstery shops, dry goods, furniture and household appliance stores, building materials, floor-covering shop, camera and photographic supplies, confectionary, theatre, five-and-ten-cent store, laundry and a beauty parlor.

¶ Learn More about These Important Lines

Miscellaneous Public Liability

How Premiums Are Determined for a Great Diversity of Lines. Yardsticks Used Show Wide Variance

J. O. HONEYWELL

★ WE WILL group here the various lines of public liability insurance, and in each instance give the basis of premium that is used in measuring the risk. I will leave out of consideration all forms of automobile liability, which best lends itself to a separate discussion altogether, and confine this article to the miscellaneous public liability lines.

(Each class of business has its corresponding property damage cover, but because the underlying rating principles are usually the same, I will not endeavor to refer each time to the corresponding property damage insurance available.)

I. DIRECT LIABILITY

Most important. Runs gamut of all business activities and liabilities incident to property ownership. Called direct because it insures "A" against third party claims for "A's" own acts and the acts of his employees. Underwriters divide the direct liability lines as follows:

(a) *Manufacturers' and Contractors' Liability:* Designed primarily for manufacturing and contracting risks. Distinguishing characteristic is that it involves all those classifications where it is thought best to employ payroll as the basis of premium.

It includes, for example, filling stations, utilities, caterers, warehousemen, etc. There are altogether nearly 700 classifications. The classifications describe the risk either by (1) product manufactured (clothing manufacturing, paper goods manufacturing, pickle manufacturing); (2) process (bottling, oil refining, canning); (3) trades (carpentry, plumbing, painting); (4) operations (gas and electric light companies, coal merchants, advertising companies).

(b) *Owners', Landlords' and Tenants' Liability:* Under this heading are grouped most of the remaining classifications where payroll is not the basis of premium. In most instances the risk involves premises owned, leased or occupied on which the public is invited.

Under this group come the store classifications. The floor area of the store is used as the basis of premium. The size of the building also controls the premium for office buildings, apartment houses, hotels and for all cases where the owner does not occupy the premises. When there are no buildings (vacant land, parking lots), the frontage is taken as the premium yardstick.

For theatres and baseball parks, the number of persons admitted is taken as the basis of premium. Here the ideal yardstick is also the practical one. For fairs, swimming pools and exhibitions, receipts are used; for schools, the number of pupils. For private residences, golf and sports liability, the premium is on a unit basis, there being a charge for each residence or individual insured.

J. O. HONEYWELL

(c) *Elevator Liability:* Elevators are set up as a separate line of insurance so that the exposure may be charged only against those insureds who have elevators.

From an accident standpoint, elevators today are perhaps no more hazardous than stairways, but they still must be regularly inspected, and it is the inspection cost which accounts for most of the premium. It would hardly be fair to include this cost in the average owners', landlords' and tenants' or manufacturers' public liability rate, thereby making the cost apply as well to those risks where there are no elevators.

There are several classifications of elevators, depending on the type of elevator or the kind of building in which it is located. The basis of premium, however, is always on a unit basis, the charge being made, per elevator.

(d) *Products Liability:* Coverage for products liability is always separately rated. Such hazards are therefore excluded from the other liability lines, and coverage is set up under this division. There are over 150 classifications. With the exception of stores, the classifications describe the particular product that is manufactured or distributed. For example, bottled soft drinks, cosmetics, paint, refrigerators. Stores are classified as to their type, such as department, grocery, etc.

Basis of premium for this division varies. In most instances, it is the amount of sales that is applied to the rate. Such a yardstick is frequently used because it is the only quantitative factor available.

Units would be a better basis — the number of pounds of candy; the number of cans of soup. Then the higher priced product, which is usually the better risk, would not have to pay a higher premium per unit of exposure.

Wherever it is possible, a unit basis is used, but too often sales is the only record regularly kept. A survey was recently made to find out how many candy manufacturers kept a record of their sales in terms of pounds: less than one-half the number insured kept records that would enable the insurance company to audit on that basis.

In those classes where it has been found that records are kept of the amount of products sold, the unit basis has been adopted. Thus, product liability on gasoline stations is based on

THE storekeeper's customers not only fall on the slippery floor, but sometimes an elevator lets go, or a piece of dirt gets into the ice cream, or the man installing the radio walks on the baby.

the number of gallons of gasoline sold. Bottled soft drinks and beer on the number of fillings. Flour is rated on the number of barrels, because it has been found that in this industry such records are available. In the automotive industry, for the manufacture of automobiles and tires and wheels, unit figures are always available and the number of cars or tires or wheels is taken as the basis of premium.

(e) *Teams Liability:* Under this division come not only horse-drawn vehicles, but also bicycles, hand trucks and saddle animals. The horse-drawn vehicles are rated on the average number of drivers, as distinguished from the number of horses or teams. The other items under this class are written on the unit basis.

(f) *Malpractice Insurance:* Physicians' and surgeons' liability premiums are based on each individual insured. Hospital liability is usually written on the number of beds plus an employee charge. Druggists' liability is usually predicated on a fixed store charge plus an additional charge per employee, except in New York where it is predicated on the amount of receipts.

II. Protective Insurance

Under this heading fall those lines of insurance which, roughly speaking, protect "A," not for the negligent acts of "A" or his employees, but for claims brought against him by accidents caused by "B" and "B's" employees.

Because "B" is primarily liable, the coverage for "A" is sometimes called contingent liability to distinguish it from insurance for "B," which would come under one of the direct liability divisions.

Protective insurance is frequently purchased primarily for its defense features, but it actually gives other important coverage. The mere ownership of property entails certain inherent liabilities from which the owner may never divest himself. He must never knowingly allow a nuisance to exist on premises he owns, regardless of who creates the nuisance. The letting of inherently dangerous work to an independent contractor does not relieve from responsibility the person for whom the work is done. Protective insurance is designed to furnish such coverages.

Its divisions are as follows:

(a) *Owners' Protective:* Basis of premium for this division is the total contract cost of the work which the owner lets to an independent contractor.

(b) *Contractors' Protective:* Here the insured is a contractor and the insurance relates to work which he sub-lets.

CASUALTY rates are not made from a comparison of premiums and losses, as some think, but rather from a comparison of exposure and losses.

The premium is based on the cost of the work which is let to sub-contractors.

(c) *Railroad Protective Liability:* This type of insurance has grown out of grade crossing elimination work financed by the Federal Government. The work is usually done by an independent contractor who has a direct liability to insure. The railroad needs protection in its own name because the work is on railroad property. The basis of premium for railroad protective liability is the total cost of the project.

Unlike owners' protective insurance, the insured, under a railroad protective policy, is not the one that contracts for the work. The work is usually let by a state roads commission, but certain stipulations of the United States Public Roads Administration must be met in order to obtain Federal funds.

One of these stipulations is that the state must see that the contractor furnishes the railroad a policy protecting the railroad from claims brought against it because of the work.

(d) *Landlords' Protective Liability:* This is usually included under the owners', landlords' and tenants' division, because it is written on the O. L. & T. policy form, and the premium is generally a percentage of that charged for O. L. & T. liability. It is not direct liability insurance, however, and in our groupings, more properly belongs under the protective division.

This type of coverage is designed for owners who have leased their entire premises to a single lessee, and that lessee is in complete control and responsible for repairs and maintenance. The lessee has a direct liability to insure. The landlords' responsibilities are secondary, and fall into the protective class.

EVERY third party relationship, every contact with the public, every business operation gives rise to potential hazards that should be considered for public liability protection.

III. Contractual Liability

Up to this point, the various forms of insurance discussed have had to do with liabilities that arise by operation of law, i.e., protection for claims imposed upon the insured by the laws of negligence.

Contractual liability deals with those liabilities which the insured (indemnitor) has assumed under a contract with another (the indemnitee). The claimant is the indemnitee. He bases his right to recover not on the negligence of the insured, even though there may have been negligence, but on a "hold harmless" or indemnity clause in his contract with the indemnitor.

Indemnity clauses may, of course, be found in any type of agreement, but should be especially looked for in the following:

1. Railroad sidetrack agreements.
2. Lease of premises.
3. Easement grants.
4. Municipal ordinance agreements.
5. Elevator maintenance contracts.
6. Merchandise agreements.

The claims for which indemnity is sought may arise out of any type operation of the indemnitor and in that respect its scope is almost limitless.

Of necessity, this form of insurance must be specifically rated, depending upon the subject matter of the contract and the extent of the liability which is assumed. Sometimes a unit basis is used, the charge being applied per agreement.

An example of this would be the railroad sidetrack agreement as approved by the National Industrial Traffic League. Sometimes, however, it is necessary to base the premium on the amount of sales (merchandise agreements). And sometimes it is payroll or cost of work that properly measures the hazards that have been assumed under contract.

"Take A Letter"

— "Now look here, I fired three girls for revising my letters, see?" said the Boss to his new Steno.

"Yes, sir."

"All right, now take a letter and *take it the way I tell you.*"

And the next morning Mr. O. J. Squizz of the Squizz Soap Company, received the following letter:

"Mr. O. K. or A. J. or something, look it up, Squizz, what a name, Soap Company, Detroit, that's in Michigan, isn't it? Dear Mr. Squizz, Hmmm. You're a hell of a business man. No, start over. He's a crook, but I can't insult him or the bum'll sue me. The last shipment of soap you sent us was of inferior quality and I want you to understand — no, scratch that out. I want you to understand — Hmmm — unless you can ship — furnish — ship, no, furnish us with your regular soap, you needn't ship us no more period or whatever the grammar is, and pull down your skirt. This damn cigar is out again.

"Where was I? Paragraph. Your soap wasn't what you said — I should say it wasn't. Them bums tried to put over a lot of hooey on us. Whadda you flappers want to paint yer faces up for like Indians on the warpath? We're sending back your last shipment of soap tomorrow. Sure, we're gonna send it back. I'd like to feed it to 'em with a spoon an' make 'em eat it, the dirty bums. Now read the letter over — no, don't read it over, we've wasted enough time on them crooks, fix it up and sign my name. What do you say we go out to lunch?" — Cleveland Trust Monthly.

Example No. 3

DESIGN FOR SAFETY

Who

A certain Great Lakes shipyard, up until two years ago, had been having such consistently bad experience that their debit on compensation premium had reached far above normal.

What

All kinds of boats, from dories to destroyers, are built here. Two hundred men are normally employed, many with little or no experience in marine work. Labor turnover is high, due to competition with local automobile plants.

When

About three years ago they decided that a reduction of accidents was essential. During the past eighteen months they have had no lost-time cases.

How

Reasons:

(1) New executive interest in the problem.
(2) Thorough plan for good housekeeping.
(3) Organized safety program.
(4) Education of supervisors.
(5) New first-aid room and facilities.
(6) New bulletin boards.
(7) Better guarding of machines.

Other savings were effected through reductions in broken and lost tools, lost materials, and the convenience of a new tool room. Management and supervisors are now thoroughly sold on maintaining the program for continued safety.

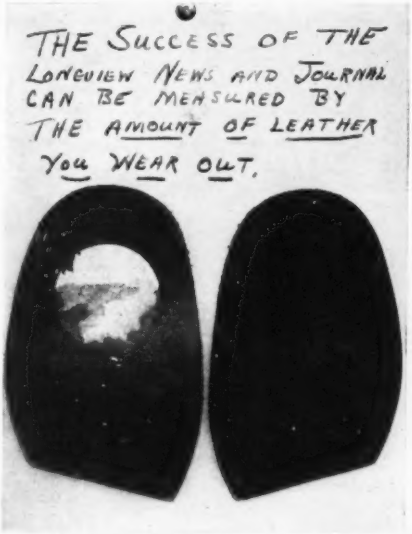
Reported by the

NATIONAL CONSERVATION BUREAU
Accident Prevention Division of the
ASSOCIATION OF CASUALTY AND SURETY EXECUTIVES

Top Left — One of the daring and spectacular "rescues" performed at the Buffalo Statler during the N.A.I.A. Convention.

Top Right — Another "rescue," showing one fireman descending a rope with another fireman as the "victim."

Left — Here's the latest, a "cycle taxi." Resourceful cab drivers in Copenhagen have developed this foot-propelled vehicle to carry their fares about the Danish capital. Picture was passed by the German censor, who gives as the reason for "foot propulsion" shortage of gasoline caused by the British blockade. (Acme Photo)



Right — Sales representatives of the Longview (Texas) Daily "News" were confronted by this interesting display on the bulletin board, during a recent sales contest.

It is reported that several new pairs of shoes were ordered before the campaign was completed!

After our request to reprint this photo, one "News" columnist pondered: "Now we're kinder worried — will the wrath of the insurance salesmen be outweighed by the pleasure of the shoe manufacturers?"

Below — The Hartford College of Insurance is the world's first college of insurance, founded and chartered last year in Hartford, The Insurance City.

This new and unique institution, in cooperation with the 44 Hartford insurance companies, is offering a complete and practical training for an insurance career, geared to the standard academic regulations of colleges and universities and leading to a Bachelor's Degree. Many casualty-surety men are participating actively in the work of the college.

The casualty insurance committee consists of R. I. Catlin, Chairman, Vice President, Aetna Casualty and Surety; Paul Rutherford, President, Hartford Accident and Indemnity; and Jesse W. Randall, Vice President, Travelers, and Vice President, the Association of Casualty and Surety Executives.

The Index System—History

Millions of Cards Carefully Tucked Away in Filing Cabinets Are One Spoke in the "Wheel of Defense" against Fraudulent Claims

R. G. MC CALLUM

★ BOYCE PARTEE, plaintiff, had a good story, but he found that the witness chair in the Circuit Court was not the best place to tell it. He didn't know that the defendant casualty insurance company already knew the other side of his story. He went to jail for perjury and didn't get the $21,000 judgment he expected.

Boyce, you see, testified under oath before a jury in the Circuit Court of Drew County, Arkansas, in February, 1940, that his eyes, lungs and other parts of his body were exposed to a harmful chemical through the negligence of his employer, as a result of which his vision had been impaired and he had practically lost the sight of his right eye and suffered other personal injuries. He insisted, under cross examination by the defendant, that nothing like this had ever happened to him before. His story was realistic and convincing, but he probably would not have told it if he had known that virtually all of the casualty insurance companies and a large number of self insurers systematically report to the Index System* all of their personal injury cases constituting the basis for negligence claims.

The day Partee filed his claim, a small white card was typed in the insurance company's office describing his injuries, as well as his appearance, and promptly submitted to the St. Louis Index Bureau. The next day a report was received from the Bureau calling attention to a similar claim made by Boyce Partee against another company six years previously. The Court records and files of the company concerning Partee's previous claim were placed in evidence. The adjuster, who had paid him $100 for identical injuries, was a witness. No one in the court room was surprised to hear the Judge direct a verdict for the defendant — and then order the plaintiff's arrest on a charge of perjury.

* An early article will discuss the operation of the Index System, under present-day conditions.

Again the Index System, operated by the Claims Bureau of the Association of Casualty and Surety Executives, had been instrumental in preventing another claim faker from collecting easy money for imaginary injuries.

Index Bureaus, situated in the

R. G. MC CALLUM

principal cities of the United States, are daily sending thousands of reports to casualty insurance companies and self insurers, calling their attention to the previous claim records of individuals who are filing current claims for personal injuries.

The systematic recording of personal injury claims and the dissemination of information concerning them was not always carried on as it is today. Indeed, this service was not necessary until after the turn of the century. Forty years ago, the number of persons sustaining personal injuries in street and highway traffic was comparatively small. The few injuries received were minor in nature. Industrial accidents resulting in personal injuries to workers were taking a steady toll of life and limb, but it was then a fairly simple matter to determine the prior claim records of employees.

It was not customary in those days for workers to change jobs frequently, or to move to other communities with their families. Nor were frequent and extended trips on business, or pleasure, a common practice. As the living, working and traveling habits of the people changed, the number of persons exposed to risk of personal injury steadily mounted. The number of individuals repeatedly injured likewise grew, and they alleged injuries in more widely separated localities. The problem confronting the casualty insurance companies and self insurers, in determining the prior claim records of injured persons became, therefore, vastly complicated.

Early Beginnings

So it was that during the first decade of this century some of the

large transportation companies and casualty insurance companies found it necessary to devise means of keeping, for reference purposes, records of personal injury cases. Since the great bulk of personal injury claims was in cities like Boston, Chicago, New York and Philadelphia, the Index Bureau idea quite naturally originated with companies in those cities. To the progressive and far-sighted claim men who conceived, organized and placed in operation the first Index Bureaus in these four cities, the casualty insurance industry and self insurers in general owe a debt of gratitude.

Those Index Bureaus were organized for the purpose of providing a clearing house to which defendant companies could contribute records of claims made against them, and from which they could receive records of any earlier claims by the same claimants.

For more than twenty years these first four Index Bureaus were the principal clearing houses for information on casualty claims in the United States. During that period, the number of casualty companies writing personal injury insurance multiplied many times. The number of policyholders multiplied and the amount paid in claims was measured in stupendous sums, running into hundreds of millions of dollars.

It was in the same progressive spirit shown by the pioneers who organized the first Index Bureaus, that executives of the member companies of the National Bureau of Casualty and Surety Underwriters met in November, 1927, and decided to sponsor the extension of the Index Bureau idea to cover the entire United States.

Expansion

They considered it necessary and advisable to include in the geographic area to be served by an Index Bureau, a territory considerably larger than a single city. The United States was divided into ten regions and the plan provided that there would be one Index Bureau centrally located in each region. Since Index Bureaus had been operating for many years in four of the large metropolitan centers, it appeared advisable to request that they enlarge their territories to serve the adjacent regions, and that they exchange information with the Index Bureaus to be organized in the six new regions.

The Index Bureau, Inc., in Boston, first adopted this plan. A few years later the Mutual Information Bureau in Chicago likewise extended its territory. It was found necessary, however, to organize new Index Bureaus in New York and Philadelphia, to serve

the regions outlined in the national plan. New Index Bureaus were established in the cities of Atlanta, Cleveland, St. Louis, St. Paul, Dallas and San Francisco to serve the regions embracing those cities. The organizing ability, perseverance and initiative of H. W. J. Hargrave, first Manager of the Claim Department of the National Bureau, and of W. P. Cavanaugh, its last Manager, combined with the cooperation and assistance of experienced claims men representing casualty insurance companies and self insurers throughout the nation, made possible these significant steps toward the ultimate goal.

In the Public Interest

It is well recognized that the payment of unmeritorious claims by casualty insurance companies results in higher insurance rates to the general public. Likewise the payment by self insurers of unmeritorious claims for personal injuries must inevitably be reflected in higher rates to the public for their products or services. Consequently, both groups have a common interest in this program and their cooperation is essential to its success.

Since the purpose of the Index System is to maintain records of personal injury claims, including fraudulent ones, it logically follows that the best results will be obtained if *all* claims for personal injuries are reported to and kept on file in the Bureaus. Therefore, the plan for a nationwide system of Index Bureaus wisely provided that the program might be participated in not only by casualty insurance companies — stock, mutual, reciprocals, Lloyds and state insurance funds — but also by self insurers of all kinds, including railroads and other transportation companies, manufacturers and distributors.

Each of the eight new Index Bureaus established under the National Bureau plan had, initially, a considerable measure of autonomy. Each Bureau was operated as a separate entity subject to control and direction by the Manager of the Claim Department of the National Bureau and a committee of representative claims men in the city in which it was located. The Index Bureaus, which were associated in the National Bureau plan at the end of 1937, were as follows:

Central Index Bureau, New York
Mideast Index Bureau, Philadelphia, Pennsylvania
Southeast Index Bureau, Atlanta, Georgia
Cleveland Index Bureau, Cleveland, Ohio
St. Louis Index Bureau, St. Louis, Missouri

Northwest Index Bureau, St. Paul, Minnesota
Southwest Index Bureau, Dallas, Texas
Pacific Coast Index Bureau, San Francisco, California

The number of individual claimants indexed by name in these Bureaus on December 31, 1937, ranged from 69,336 in Atlanta to 913,873 in New York. The aggregate for all eight Index Bureaus was 2,101,869. In addition, there were also about 1,900,000 index cards filed according to the addresses of the claimants. Several thousand other index cards were filed by names of attorneys and doctors, who respectively had represented or attended claimants.

On December 31, 1937, 99 casualty insurance companies and two state insurance funds were subscribers to the service of one or more of the eight Index Bureaus, which were supervised by the Claim Department of the National Bureau of Casualty and Surety Underwriters. These subscribers received 63 per cent of the premium income, from all liability and workmen's compensation insurance covering personal injuries, in the states served by the eight new Index Bureaus. Seventy-six self insurers also subscribed to these Index Bureaus at the end of 1937.

During 1937 these subscribers placed on file a total of 502,698 index cards on personal injuries. Prior claim records were found in the Index Bureaus in 57,435 of these cases. In these cases reports were furnished to the subscribers against which the current claims were presented.

The Index Bureau, Inc., in Boston, and the Mutual Information Bureau in Chicago were both operating as completely separate entities, in no way subject to the direction or control of the National Bureau's Claim Department.

When, on January 1, 1938, the Claims Bureau of the Association of Casualty and Surety Executives was organized to take over the functions of the Claim Department of the National Bureau of Casualty and Surety Underwriters, the eight new Index Bureaus were placed under the Claims Bureau's control. This relationship has proven satisfactory and persists up to the present time.

Tree surgeons, come to think of it, are "branch" managers. — T. Harry Thompson in Sales Management

MEMORABLE SALES

INTERVIEWS

"Veni Vidi Vici"

Tough Interviews Sharpen the Wits

VICTOR J. MURRAY

★ IT WAS one of those real chilly days. You know the kind. Not a trace of sunshine. Every prospect in the depths. No normal sales resistance today, so why not go after a real tough one?

There are few men more difficult to sell than one who has never carried automobile liability insurance. In Ralph Smith I had just such a man, so I called at his home.

AGENT: Ralph, have you ever purchased that liability insurance on your car?

PROSPECT: No. You know I'm an exceptionally careful driver. I've driven more than a million miles with never an accident.

AGENT: That, Ralph, is a very remarkable record of which you might well be proud. By the way, you certainly have a beautiful home. It would be a shame if you had to lose it.

PROSPECT: Lose it! What do you mean, lose it? There is not one penny against this place and you yourself have assured me that I have adequate insurance protection.

AGENT: Quite true, but let's get back to that automobile of yours. You are a splendid driver, but how about the other fellow? You cannot control his actions, neither can you tell how a witness will see an accident or how a jury might react. Wouldn't it be pretty nice to have an insurance company take this responsibility for you?

PROSPECT: There is something

in that, but I believe I can take the chance. I never had any question come up in fifteen years. Think of the money I have saved in premiums! Anyway, what has that to do with my house?

AGENT: Just this. Granting that you can avoid poor and drunken drivers or that, if hit, you could stand the court expense, your home is still in danger from your automobile.

PROSPECT: I still can't see what my automobile has to do with my home.

AGENT: Suppose, for example, that in order to avoid hitting a pedestrian you had to swing out and in doing so your car skidded into a child, perhaps killing or seriously injuring him. This is only one of hundreds of ways in which the most skillful driver might be faced by a judgment of several thousand dollars. Should this happen to you, your home might be lost just as easily as if it were destroyed by fire or wind or some similar cause.

PROSPECT: That really is something that could happen. But it wouldn't bother me as the property is in my wife's name.

AGENT: Ralph, let me read you this small excerpt from the financial responsibility law of this state. A judgment against you would prohibit your driving forever. Surely as good a driver as you would regret it very much if he lost this privilege?

PROSPECT: Yes, I guess I would.

AGENT: Not only that, Ralph, but you would never forgive yourself unless you could do something financially to alleviate the suffering of anyone whom you might injure.

VICTOR J. MURRAY

PROSPECT: You are right, I never thought of it in that way. Write it up now and I will give you a check for it right away.

Plate Glass Coverage

¶ Store profits are often "Gone with the Window." — Viola Paul.

¶ And Confidence Is a Controlling Factor

Agent's Service Gives Maximum Benefits

Application of Policy to Fit the Risks Best Obtained through Producers

GEORGE W. CARTER

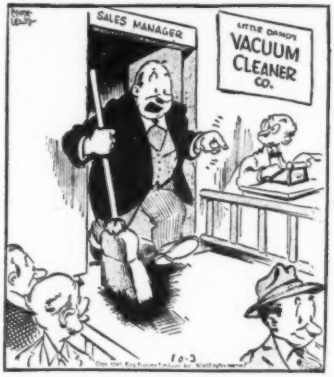
★ THE administration of insurance and its record in serving the public justify the claim that the business enjoys the public's confidence. We are not justified, however, in being content with the accomplishments of our past performance because the business of insurance should be ever on the alert in extending additional services, constantly improving our coverage, advancing accident prevention assistance and bringing our engineering service up to a maximum.

Sound insurance protection and indemnity presupposes that our rate base follows sound actuarial analysis, but in thinking of the future, the actuarial functions should eliminate the "don'ts" and find ways and means to aggressively approach the future with the objective of using rate media that constantly secure the public's cooperation in accident prevention.

The insurance brokers and agents of this country occupy a position in the service field of business similar to that of lawyers, doctors, C.P.A.'s and advertising counselors, and while I do not mean necessarily to imply that we are in the professional class, nevertheless our work embraces a personal service strictly in the business field of activity yet closely allied to the type of intimate personal services of the professional classes referred to. The success of every insurance contract in all its ramifications and phases justifies and warrants the public in dealing through a licensed responsible insurance broker and agent to obtain maximum benefits.

The steadying influence of sound insurance protection has long served the industrial, commercial and personal needs of business life in the United States. It is a contract of agreement where confidence is the controlling factor, backed by tremendous resources. The application of the contract must fit the needs of the risks assumed and *this all-important function is studiously provided by insurance brokers and agents.*

"It was the only picture of him to be found — he was a crooked modern artist!" — Copyright, 1940, by Esquire, Inc., 919 N. Michigan Ave., Chicago, Ill. (Esquire, September, 1940)



"Hire that man! He just sold me a broom!"

— Courtesy N. Y. Herald Tribune

"You'll have to wait now to see that insurance man. He's busy selling the other people who were waiting." — Leader's Magazine

Selling Insurance in Florida

Human Nature, and Man's Wants and Needs, Are Much the Same Everywhere

B. D. COLE

★ WE OPERATE in a territory* where the resort business is the chief industry, where prospects represent a cross section that typifies, generally, the traits of human nature and the characteristics of the insurance buyer. We deal with:

(1) Those who are interested, first, in quality and adequate coverage.

(2) Those who want to believe that price can be fitted to protection and disregard the fact that it is necessary to fit protection to price.

(3) Those who favor mutuals, reciprocals and cooperatives but fail to recognize that the same principles, if applied to their business, would be destructive.

(4) Those who are insurance-minded but lack an understanding of their insurance requirements.

(5) Those who are not insurance-minded but can be sold by a convincing sales message.

(6) Those who are not educated to the value and importance of insurance.

In the light of our experience, a correct estimate of the prospect's characteristics as well as an appraisal of the traits of human nature have much to do with the successful marketing of insurance. In our estimation, it is just as essential to select and deal with the individual traits of human nature in transactions with the insuring public as it is for the mechanic to choose the right tools in building a house.

One of our representatives recently contacted a prospect and, after a proper introduction, said to him with unmistakable interest and sincerity, "Mr. Doe, I was in a group of representative men a few evenings ago when your name was mentioned in a signally complimentary way. It was said that you are responsible for an invention that will likely prove a benefaction to humanity and which, because of its practicability, will develop as a successful enterprise."

Naturally, Mr. Doe was pleased and gave an interesting description of the problems, capital and the time involved in perfecting the invention. This favorable circumstance later played its part in the sale of a substantial line of insurance.

The application of an understanding of the characteristics and traits of human nature has been an important factor in our experience in the sale of insurance. Neither locality nor section changes such factors.

* West Palm Beach

¶ Findings from a Survey of More

Why Do

CLARKE J. FITZPATRICK

★ *1. Can You Predict the Type of Man Who Is Likely to Embezzle?*

Frankly it's doubtful, because the typical embezzler is apt to appear little different from countless other persons you encounter every day.

For instance, your typical embezzler is 36; married, with two children; had a good upbringing and a high-school education; owns a medium-priced automobile of last year's model on which a balance is still owing; has two weeks' vacation every year; is a good mixer; takes an occasional drink, but rarely during business hours; has held his present position for five and one-half years; finally embezzles for two and one-half years before he is caught — and lives in every state of the Union and is employed in every type of business!

Little here, 'tis true, in this picture of an all-too-average man to help an employer judge in advance the probabilities of an employee going wrong! Rather, definite indication of the need of proper and adequate bonding to cover hazards which, though unknown, are very real and imminent.

WHY DID THEY STEAL?

MEN

	No.	*%*
Revenge	1	.1
Dishonest Son	1	.1
Blackmail	2	.2
Saving for Future	2	.2
Replace Lost Funds	2	.2
Wives	7	.7
For Other Business	13	1.4
Irresponsible	14	1.5
Inadequate Income	18	1.9
Sickness of Family	57	5.9
Speculation	84	8.7
Women	102	10.6
Bad Managers	133	13.8
Debts	156	16.2
Living above Means	161	16.7
Gambling/Drink	169	17.6
Criminal Characters	41	4.2
	963	100%

WOMEN

	No.	*%*
Sickness in Family	2	5.3
Dependents	4	10.6
For Other Business	1	2.6
Irresponsible	3	7.9
Gambling	2	5.3
Men	2	5.3
Debts	11	28.8
Living above Means	13	34.2
	38	100%

2. What Type of Person Steals?

The answer to that is, "Almost every type, given the proper provocation."

3. Why Do They Steal?

Why, if these embezzlers are "just ordinary persons," do they go wrong? Just what motives prompt them to throw overboard all their instincts and

These Employers Lost Than the Amount

Than 1,000 Cases of Embezzlement

Men Steal?

convictions of what is right? The answers are shown graphically in the accompanying charts.

* * *

Most of these men lived normally and honestly, up to the time their embezzling began. They had had clean records, and in their previous positions had been subject to temptation and had resisted it successfully. For the most part, they were old and trusted employees.

So what is an employer to do? He can't tell about the hazard in advance — he certainly can't — but he *is* able to guard against all such unforeseen contingencies through adequate bonding arrangements with a good stock casualty company.

Need we say more?

* * *

Other facts brought out by the survey:

¶ The 963 men stole $6,127,588.48 and the 38 women $156,918.01.

¶ The average man took $6,363.02; the average woman, $4,129.42.

¶ Loss to employers because they had not arranged for bonding in really adequate amount, $2,922,316.28.

¶ 54% of the men had been employed ten years or more by the concern which suffered the loss.

Nearly $3,000,000 More of Insurance Carried

OCCUPATIONAL DISTRIBUTION

MEN

Positions	*No.*
Executive Officers	49
Treasurers	17
Secretaries — Building and Loan Companies, Social Organizations	18
Branch Managers	201
Clerks in Offices and Stores	52
Accountants and Auditors	17
Bookkeepers	69
Buyers	5
Paymasters	4
Collectors	35
Cashiers	70
Adjusters	4
Investigators	4
Superintendents	7
Salesmen	115
Representatives	262
Merchandise Brokers	2
Time Keeper	1
Drivers and Delivery Men	8
Warehousemen and Stock Clerks	5
Foremen, Laborers	5
Club Stewards	3
National Guard Officers and Ship Captains	5
Attorneys	3
Foreign Consul	1
Optician	1
	963

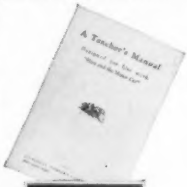
WOMEN

Positions	*No.*
Cashiers	21
Bookkeepers	9
Collector	1
Store Superintendent	1
Clerk in Office	1
Saleswoman	1
Manager	1
Assistant Treasurer	1
Secretary	1
Auditor	1
	38

Publications of the National Conservation Bureau Available

THIS MONTH the JOURNAL describes four publications of the National Conservation Bureau which deal with driver education of our young people. The complete list of driver education publications may be obtained from the Bureau's offices at 60 John Street, New York City.

I. "Man and the Motor Car" is a comprehensive and interesting textbook, written in narrative form and describing the motor car and the problems it presents to the high school student who intends to learn to drive. Of 264 pages and profusely illustrated, it is as absorbingly interesting as any novel. Attractively bound in dark blue cloth, it makes an acceptable gift to any person, either in the teens or of more mature years, who is interested in learning how to drive properly. More than 200,000 copies of this book, which is an approved textbook on driver education in nearly 6,000 high schools, have been sold, which definitely places it in the "best seller" class. A few of the sixteen chapter headings are: A Nation on Wheels; How to Drive; The Driver, His Nature and His Habits; Highways; Codes of the Road; Your Car and How to Maintain It; Automobile Accidents; The Automobile Millennium. A most engrossing book, "Man and the Motor Car" is a welcome addition to any library. $1.00 per copy. In lots of 10 or more, 45c each.



II. "A Teacher's Manual" has been prepared to supplement "Man and the Motor Car" in the classroom. This booklet of 48 pages details teaching methods to be used, and outlines classroom schedules. Contains many illuminating problems, discussion questions, and various student activities, plus a bibliography of reference material, and is excellently illustrated. 15c per copy.

III. "Driver Training Procedure," by Kenneth N. Beadle, director of the education division of the National Conservation Bureau, is a 28-page booklet outlining steps in the administration, organization, and teaching of the high school course in driver education and training. Illustrated by both photographs and line drawings. 15c each.

In presenting "Man and the Motor Car" to the student driver, the use of the two supplementary booklets just described is strongly urged. As a gratuitous service to teachers of safety education, the National Conservation Bureau offers a comprehensive, 10-page BIBLIOGRAPHY OF TRAFFIC SAFETY AND DRIVER TRAINING SOURCE MATERIALS, compiled by Milton D. Kramer of the Center for Safety Education at New York University.

A Service of the

National Conservation Bureau

Accident Prevention Division of the

ASSOCIATION OF CASUALTY AND SURETY EXECUTIVES

Publications

of the Association of Casualty and Surety Executives

Available

Much helpful literature is available at Association Headquarters to assist the producer in selling more workmen's compensation insurance.

I. Digest of Workmen's Compensation Laws: Illustrated below, comprises approximately 1,000 pages. This sixteenth (permanent) edition has been revised through 1940, and covers workmen's compensation laws throughout the United States and territories. Published in 51 separate booklets, bound together in stiff, texhide looseleaf binder. May be kept up-to-date indefinitely by replacement or addition of individual "state" booklets when necessitated by subsequent amendment or enactment. $10 per copy.

II. State Pamphlets: Individual texts and digests for each of 46 states and three territories. Latest revisions (1940) are for the states of Alabama, Kentucky, Louisiana, New Jersey and New York, with a Supplement for Virginia. Price, each pamphlet, $1.00. Special prices on quantity orders.

III. Map: This colored map illustrates workmen's compensation insurance vs. state-managed insurance in the United States. 50¢ per copy. Special prices on quantity orders.

A Service of the

ASSOCIATION OF CASUALTY AND SURETY EXECUTIVES

60 John Street, New York City

(For delivery in New York City, add 2% for sales tax)

Did You Read——?

HINT FROM HITLER
Canadian Underwriter

Sometimes methods used by the wicked to accomplish their nefarious designs can be copied by decent people and put to good use. Hitler, evil genius of the Nazis, is said to have stated that the secret of his success in winning over so many of the German people to his credo is, 'Tell it simply, say it often, and make it burn." The insurance salesman would do well to think about this. It has a lesson for him.

TOO SHY?
Laurence E. Falls in
Best's Insurance News

I prize the opportunities I have had for association with many fine men who have devoted their lives to this business.

I am proud to find that there is a high appreciation among them for their responsibility to serve the public faithfully and intelligently.

Concerned with the complexity of discharging this responsibility, I think they have, in the main, too often refrained from the defense of the business when it has been attacked.

I have found the insurance business to be operated with a sincerity of which we have the right to be proud, but it has too often hidden its light under a bushel.

INSURANCE OUTLOOK
William S. Crawford in
Journal of Commerce, N. Y.

Insurance is reacting to improvement in business conditions and will continue to do so, but the revival of the several branches will vary in speed.

Workmen's compensation premium income, as an example, rises within a few weeks after industrial pay rolls increase, as the premiums are percentages of the pay rolls.

Workmen's compensation insurance, as already stated, will be one of the first to feel the favorable effects of greater business activity.

Some other casualty lines will respond almost as quickly, however. Plants to be built in the

defense program will require the carrying of public liability insurance by contractors and the giving of many bonds to guarantee performance of their contracts.

General speeding up of industry will create a demand for more insurance of various kinds by manufacturers — public liability, products liability, steam boiler and machinery insurance and an increase in fidelity coverage.

Personal accident and health insurance, one of the most important casualty branches, is in a stronger position now than ever before, and improvement in the financial condition of individuals is certain to be reflected in additional growth.

Needed, Nevertheless
Rough Notes

Seven years of experience writing heating boiler insurance has convinced a New York agent that this coverage is worthwhile from the agent's viewpoint. He answers a common objection of prospects, "I have very seldom heard of a loss of this kind," with the rejoinder, "How many losses by fire have you sustained?"

"Broader" Future
The Casualty Insuror

What will be the effect of the recent broadening of insurance policies in all lines?

The answer should be in sales of new business. Salesmanship is only beginning to be appreciated in the fire and casualty lines.

With new policies, broadened to cover all real hazards, an agent can work up an enthusiastic talk. The new policies are really good. Agents should redraft their selling talks, to keep pace with the policies.

"Mr. Jones has gone for the day, but I would say that under Schedule Four, Section E, you are covered by your policy." — The Spectator

¶ The Situation Was Almost Funny
— but 'Twas No Time for Comedy

Confidence Made—and Saved—the Sale

A "Suspicious" Assured First Doubted, Then Trusted, His Stock Company Agent and Found His Confidence Justified

J. LYNN AVERY

★ ONE morning my telephone rang and a man's voice asked, "Do you write automobile insurance?"

"I most certainly do."

"Then suppose you drop out to see me and my wife late this afternoon?"

I found the man had been insured in a non-stock organization, had had an accident and the non-stock company in which he thought he had his insurance had "run out" on him. He had developed a rather suspicious nature and an antipathy towards all insurance men because of this unfortunate incident.

So, in discussing the matter of stock company insurance on his automobile, he was insistent on a complete explanation of every little detail, such as just exactly what his coverage would be in case he used his trailer and if so, whether the cost would be increased.

As most of our companies writing automobile insurance in California permit the use of all types of trailers, except the home type, without additional cost, I attempted to explain this to the best of my ability. However, he kept challenging every statement I made.

"What assurance have I that you are telling the truth?"

This rather piqued me and I said frankly, "You will have to depend upon my word, for some of these things and to some extent. The basis for a satisfactory relationship depends to a considerable degree on the good faith between the assured and the agent. If there is any doubt in your mind that you cannot repose that faith in me, we had better stop negotiations at once."

I picked up my hat and started out. Just as I got to the door, he called me back.

"Don't feel offended, please. I'm in a rather critical mood, I suppose. I feel that my former

carrier actually caused me to lose money, and while I m anxious to have coverage, I am not going to enter into a like situation again with my eyes closed."

To further allay his mind and to convert him to the idea that stock insurance was a far different

J. LYNN AVERY

coverage than the insurance he had carried, I called up the Los Angeles branch of the insurance company I represented and with whom I was endeavoring to place this insurance, and asked him to talk direct to the automobile underwriter. The underwriter did talk to him at some length and corroborated my statements. Finally, my client agreed that perhaps I was right.

I then told him I would have the policy issued for him and delivered to him; that he could check it carefully and if he found anything he did not like, to take the matter up with me. If I could not satisfy him, then he was under no obligation to retain and pay for the coverage.

The policy was written and delivered and I judged everything to be all right, when, lo and behold, in a couple of days he telephoned me and insisted that I come out to see him. He opened up the policy and threw it before me with the statement:

"There, I told you that you fellows did not live up to your word."

I looked the policy over carefully. I couldn't see anything wrong with it. It seemed to be written properly. All the necessary endorsements were there. The rates had been properly computed. A l of these facts I told him.

With a little quiver in his voice and his finger shaking, he pointed to the name of his trailer. I saw that through a typographical error two letters had been transposed in the name. The thing struck me as funny and I was tempted to laugh, but realized the situation was too serious then for any comedy. I took my pen, made the correction and initialed it and then called the insurance company by long distance and had them talk to my

client and authorize the change.

However, I do feel that I would have lost the business on the spot, had I not sold him completely in our first interview on the fact that we could do business together only if there was a feeling of sincere confidence in each other.

Governmental Largess

In published comments on recent coal mine disasters in West Virginia and Ohio, in which, it is reported, a total of 163 miners were killed and an estimated aggregate liability for compensation of some $1,127,000 was incurred by the State Insurance Funds of those two states, it has been noted that such compensation, when supplemented by survivors' pensions payable under the 1939 amendments to the Federal Social Security Act, will give to many widows of such miners, for themselves and their children, incomes in excess of the full wages of their deceased husbands.

But what has not yet been publicly noticed is that similar excesses will result when disability compensation to injured workmen comes to be supplemented by full old-age insurance benefits under the Federal Act, and that this last mentioned line of duplication of benefits will seriously incite to impositions and abuses. In Europe, in the older social insurance laws, there are special provisions to prevent "overinsurance" by duplication of benefits.

There is trouble ahead, not to mention an excessive burden on industry and the taxpayers, unless our Federal legislators can be induced to pay due regard to foreign precedents and experience and enact amendments to the Social Security Act to put a stop to such excesses. — P. Tecumseh Sherman, Consulting Counsel, Association of Casualty and Surety Executives.

Prospecting Suggestions

According to one informed source, year-end sales activity should be especially vigorous in aircraft sales, building materials, chemicals, Diesel engines, electrical equipment, gasoline and oil, hardware, machine tools, industrial machinery, munitions, musical instruments, plastics, radios, shipbuilding, synthetic textiles and trucks.

SPECIAL STUDY SECTION

BREVITY, besides being the soul of wit, is also the announced policy of THE CASUALTY AND SURETY JOURNAL. However, from time to time, we will feature in this section special articles by leading figures in their various fields which, by their importance and comprehensive coverage of the subject, we feel justify the special attention of our readers.

This month we feature Casualty Insurance Instruction in American Colleges, by Dr. David McCahan, President, American Association of University Teachers of Insurance

¶ Man's Relations to Man Have Become More and More Complex

Casualty Insurance Instruction in American Colleges

The Current Rising Trend in Insurance Education Means Changing Conditions Will Be Met Intelligently

DR. DAVID MC CAHAN

★ THROUGH the whirligig of amazing events during recent years may be discerned certain trends which are of utmost significance to anyone engaged in casualty insurance and corporate suretyship. Transportation and communication facilities have brought the world closer together by their increasing rapidity and streamlined efficiency. A highly industrialized and interdependent economy has enlarged the variety and extent of the individual's material needs but has made it more difficult for him to be self-sufficient in meeting them. Man's relations to man have become more and more complex.

But man's relations to government have changed just as markedly. The free play of competitive forces as the determinant of our economic progress and destiny has been giving way to governmental planning, public financing and centralized control. And reliance upon individual initiative and private resources to meet problems of human distress has been giving way to government largess, social security programs and the philosophy that the welfare of the masses depends upon how they vote rather than upon how they work and save.

The future of democratic government in the United States is dependent upon our ability in the coming years to understand the complex of economic and social phenomena to which these and like trends give rise and to find the way of life which will enable us to meet our major problems intelligently and yet at the same time retain the benefits which we have associated with the American form of government. Education must play an important part in this. Leaders in business who wish their own institutions to attain

greater significance, or even to retain their present place, in the changing pattern of events must give more and more thought to the role of education in pointing the way towards a better order. And the colleges and universities must continue to emphasize in

DR. DAVID MC CAHAN

their research and teaching the sound solution of those problems which grow out of our social, economic and governmental background.

Fifty-four Special Courses

Since the casualty and surety business is so intimately associated with the relations of man to man and of man to government that any change in those relationships is immediately felt by it, the introduction of courses on casualty insurance and its related fields in our higher institutions of learning is a development of real importance to the general public as well as to persons engaged directly in this line of activity.

True it is that these courses are of comparatively recent origin, the great majority of them having been introduced within the past two decades, but as of the academic year 1938–39, twenty-eight of them devoted solely to casualty insurance reported an enrollment of 895 students and twenty-six others combining property and casualty insurance reported an enrollment of 683 students.

Other Insurance Courses

Moreover, plans had been definitely made or were under consideration for an additional course in casualty insurance, four in compensation and casualty insurance and two in suretyship. Some institutions reported they were studying the possibility of offering special courses in this field but were not specific as to the type.

According to a survey * published by the American College of

* Educational Research Bulletin No. 3, "College and University Courses in Insurance and Related Subjects," 1940, by David McCahan and Anna M. Kelly.

Life Underwriters, all courses in insurance (including those above mentioned) offered by 235 colleges and universities during the year 1938–39 totalled 584 in number and showed an enrollment, to the extent reported, of 18,249 students. Since slightly more than one-fourth (157) of all the courses, having roughly one-third (6,167) of all the reported enrollment, were general or survey courses for the lay student in which fundamental principles common to casualty as well as other forms of insurance were covered, and since courses in actuarial science, insurance law and social insurance, research work and seminars naturally included much material from the same field, the place of casualty insurance and corporate suretyship in higher education has extended far beyond the fifty-four courses to which the title "casualty" is directly attached.

1. CHARLEMAGNE *believed that only* by constant study *could a man become a good ruler and a wise man. He brought Alcuin, the greatest teacher of the age, to his court to instruct him and the nobility in civil law and statesmanship. And in his zeal to learn everything with all speed, he even mastered a form of shorthand.*

2. LEONARDO DA VINCI *also felt that continual study was the road to perfection. To improve his painting, he studied the science of optics and even dissected the human body. He had great contempt for painters who lacked knowledge of anatomy and he said that the nude figures they drew looked like sacks of walnuts.*

In referring to the rising trend in insurance education and the importance of keeping in touch with these developments, the authors of the survey previously cited said:

THE GROWTH OF INSURANCE EDUCATION

"The actuarial, mathematical, and statistical principles essential to scientific insurance rating; the constitu-

tional, statutory, and common law principles involved in the drafting and interpretation of insurance contracts; and the medical, engineering, and psychological principles associated also found an important place for the practical application of their knowledge in the management of insurance carriers.

"Instruction in basic insurance

3. CHARLES DARWIN *was one of the most patient students of all time. For 20 years he worked night and day reading and collecting experimental proof for his monumental work on evolution, "The Origin of Species." He once said, "When I am obliged to give up observation and experiment, I shall die."*

4. THE FACT *that a man should perfect himself in his craft* by constant study *applies to insurance men, too. Few branches of selling call for a more extensive amount of "product information" than the selling of insurance. But just as the public is entitled to agents' service, so it is entitled to the best!*

with the selection of risks have long been taught in the arts and science or professional schools of colleges and universities. Many persons who have received a college or university education in these fields are now participating in the administration of insurance carriers as actuaries, lawyers, doctors, inspectors, etc.

"The principles of accounting, finance, investments, marketing, and similar divisions of applied economics were introduced somewhat later in the curricula of higher educational institutions, primarily through the collegiate schools of business, and students educated in these fields have principles for the lay student is a development of the Twentieth Century that is quite understandable since the large, and increasingly significant, contribution which the insurance institution has made to economic, social, and governmental stability in this country during the past few decades has more and more focussed attention upon the importance of providing instruction in colleges and universities (1) for students who may wish to know how to use insurance services intelligently in meeting family and business needs and (2) for students of the social sciences who wish to understand the constructive influ-

COLLEGIATE COURSES
in Casualty or in Property and Casualty Insurance in 1938-39

Baylor University
Boston University
Butler University
Central Y.M.C.A. College
College of the City of New York
Columbia University
Cornell University
Drake University
Drexel Institute
Emory University
Franklin and Marshall College
Indiana University
New York University
Northwestern University
Ohio State University
Oklahoma A. & M. College
Oklahoma City University
St. Louis University
State College of Washington
Syracuse University
Temple University
Texas Christian University
University of Alabama
University of Arizona
University of California
University of California at L. A.
University of Cincinnati
University of Denver
University of Florida
University of Georgia
University of Illinois
University of Kansas
University of Kentucky
University of Miami
University of Minnesota
University of Newark
University of Oregon
University of Pennsylvania
University of Richmond
University of Southern California
University of Texas
University of Wisconsin
Wayne University

ences which are tending to bring a better society out of a welter of conflicting forces.

"Specialized instruction designed to equip the insurance field representative to render a skilled service in adapting complex insurance coverages to the needs of the public was of even later origin but the progress of this in the field of life insurance particularly has been given considerable impetus by the Chartered Life Underwriter (C.L.U.) movement. The importance to the public of qualified advisers, and the breadth of education essential for giving the best type of service warrant the belief that in course of time the colleges and universities will occupy a position in the education of field representatives fully as significant as that which they now occupy in the training of actuaries, lawyers, doctors, accountants, and engineers in home offices."

Broad Program Desirable

"Such an extension will entail not only the development of insurance courses of a more advanced and somewhat different character but also the introduction of such related courses as may be necessary to enable the underwriter to integrate insurance principles and practices with such financial, legal, tax, and other principles and practices as may have a direct bearing upon the needs of the insuring public.

"'Educators and professional leaders in the field of insurance have manifested a very natural and growing interest in the trends of insurance education. Whether this interest be motivated by the desire to have our colleges and universities meet fundamental educational needs of society in providing such instruction; by the belief that in a democracy the business and political leaders of the future should have an intelligent grasp of the manner in which our important institutions function; by the aim of providing advanced vocational training for persons preparing to engage in professional work; or by some other worthwhile objective, the need for knowing what is being done, or contemplated, is apparent."

Suitable for College Study

"Insurance happens to be one of the latest arrivals among applied economic and business subjects in universities and colleges. Yet, as a collegiate subject of study, insurance combines the virtues of mental discipline, a proper sense of the seriousness of life, a proper concept of community service, and information really useful in living, quite as much as other subjects now comprising the collegiate curriculum, and in some instances much more so. Little by little it is being increasingly recognized that the subject of insurance applies vitally to the future welfare of every graduate

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I AM SURE the public can benefit tremendously from a program of insurance education, and, selfishly, don't you think we can benefit even more than they? — Professor Laurence J. Ackerman, University of Newark.

THE efficient distributor, the natural salesman, has to start with a genuine interest in humanity. He cannot be a hermit in a front office. He is far more at home in the office of his customers, the homes of his ultimate consumers, than in his own office and home. — Nation's Business.

who leaves a school of business, and that it is just as fundamental to personal and social well-being as most of the other basic courses now required in our schools of business."

Independent Thinking

The advantages to the private insurance business of having its methods and services fully understood by the potential leaders now studying in our colleges and universities should be quite apparent in an era characterized by dependence on government for solution of all our economic ills. But coupled with the advantages which come from an understanding of the ways in which private insurance has ingeniously responded to the challenges of its times it is logical to assume there may be disagreements and criticisms which some will regard as disadvantages.

Students and teachers alike may be more interested in the financial soundness and capable management of a company than in the question of whether it happens to be organized on a stock or mutual basis; may be more concerned with the clarity and simplicity of a given contract than in the superlatives which appear in its title; may be more interested in the development of professional advisers who will meet efficiently the insurance needs of the public than in supersalesmen who will always lead their production clubs; may be more concerned with the equity of a rating plan than the arguments against self-insurance; and may be more impressed by sound attempts to meet changing needs in better ways than by rigid adherence to the status quo.

Some research studies will be constructive.

Others may be destructive.

But if care is exercised to avoid propaganda for any interest or interests and to seek zealously the best methods for the long-run welfare of the public, the current rising trend in insurance education is not only healthy but there is no alternative if the demands of changing conditions are to be met intelligently.

Illustrations and accompanying captions appearing on pages 56 and 57 reproduced through courtesy of The Travelers Insurance Company, Hartford, Connecticut.

But Still He "Saved" the Premiums

RALPH REED WOLFE

An up-and-coming bright young man
Was Mr. Hope, his first name Sam.
His habits all were of the best.
His thoughts with clearness he expressed.

To save his money he felt right.
The hot spots saw him not at night.
And in his boastful way he'd holler,
"I don't owe any man a dollar."

He owned his house, his bank account
From month to month did slowly mount.
His little tots were neat and trim,
Nor boarders did his wife take in.

"He is a most exemplary man,"
The neighbors said, regarding Sam,
Though some, perhaps, did envy feel
At his highpowered automobile.

It was his joy, it was his pride,
His wife and darlings by his side,
To drive with skill by day or night.
He knew that he was always right.

But when an agent asked him, "What
Insurance coverage have you got?"
Sam answered with a hearty laugh,
"I don't fall for insurance graft."

He said, "I'd rather save my cash.
I've never had a single crash.
I'll not support insurance grafters
Who always yap about disasters.

"I'll not support those lazy blighters
You call insurance underwriters,
Nor in my bankroll make incisions
To pay an agent his commissions."

Sadly the agent then departed,
For he was really tender-hearted.
He feared the worst for Mr. Hope
Whose neck, he felt, was in a rope.

The moon was high, the sky was bright,
And Sam went flying through the night.
His eyes were good. He did not see
Within the car a little bee.

The little bee was very near
To Mr. Hope's protruding ear.
It circled round and lighted there.
A shriek rang shrilly through the air.

What happened then is sad to tell
Sam's car was wrecked, but ere it fell
Into the ditch it hit another
Killing the driver and his brother.

Nor was that all, for first he ran
Into a poor pedestrian
With a big family, and he died
Leaving them no one to provide

With home and food and decent clothing.
Will they not look on Sam with loathing?
And turn to him, with aid of law,
To recompense them for their Pa?

For weeks Sam's wife and little tots
Lay full of pain on hospital cots.
Over these things our Sam could mull
Recovering from his broken skull.

His house has gone, and at the bank
His big account to zero sank
And, during many years ahead
He'll pay the damage for the dead.

No more his wife at country clubs
Can dance, instead at home she scrubs.
No more his tots play innocent capers
But on cold streets are selling papers.

Yes, Mr. Hope, that bright young man
Succeeded in his clever plan,
For though he's broke and deep in debt
No premiums has he paid yet.

PERSONALITIES

DAVID MCCAHAN, Professor of Insurance, Wharton School of Finance and Commerce, University of Pennsylvania; is also Dean and a member of the Board of Trustees, American College of Life Underwriters, Philadelphia. President, American Association of University Teachers of Insurance; Secretary, National Chapter, Chartered Life Underwriters (C.L.U.). Formerly Assistant Manager, Insurance Department, U. S. Chamber of Commerce. (*Casualty Insurance Instruction in American Colleges*, page 53.)

CLARKE J. FITZPATRICK is Secretary of the U. S. Fidelity and Guaranty Company, and a member of the Board. Formerly City Editor of the Baltimore "Sun." (*Why Do Men Steal?* page 44.)

CARROLL R. YOUNG is Superintendent of the Bond Production Division of the Fidelity and Casualty Company of New York. School of Commerce, University of Illinois. Started with the Continental Casualty in 1928, eventually becoming Superintendent of their eastern surety department. Joined F. & C. in St. Louis in 1933; and in 1939 came to the Home Office. (*Help Yourself to Fidelity Business*, page 16.)

JOHN J. HALL is director of the special service division of the National Conservation Bureau. Organized the first state-wide periodical inspection of motor cars in New York State in 1927. Past Commander, Advertising Men's Post, No. 209, American Legion, New York City. Member National Americanism Commission of the American Legion and a National Conservation Bureau delegate to the National Conference of Street and Highway Safety. (*Safety through Cooperation with State and Municipal Officials*, page 20.)

GEORGE W. CARTER, President of the Detroit Insurance Agency, was first President of the Detroit Association of Insurance Agents, and also served as Chairman of its executive committee. Former member of executive committee, N.A.I.A., and has been a Director, and President, of the Insurance Federation of Michigan. (*Agent's Service Gives Maximum Benefits*, page 41.)

JOHN C. BLACKALL is Superintendent of Insurance, State of Connecticut. Former newspaperman on the old Waterbury "American"; later Assistant City Editor, Hartford "Times." While a congressional secretary at Washington, studied law at Georgetown and then practiced in Hartford. Elected twice to the State Senate and during both terms was Chairman on the Committee of Insurance. (*Comity between States*, page 12.)

FRANCIS W. POTTER is Field Supervisor, Aetna Casualty and Surety Company. Graduate of Wesleyan (Connecticut) University. Started with Aetna's Boston office. His success led to an appointment as Home Office

representative. In 1933, he became an instructor in the Aetna's Home Office casualty and surety sales course and, in 1937, field supervisor. (*Needed Coverages Not Commonly Sold*, page 1.)

RALPH REED WOLFE is connected with the legislative department of the Association of Casualty and Surety Executives. B.L., Trinity College, Hartford, Connecticut. Formerly engaged in newspaper and magazine work, having for a number of years been an editorial writer on the Hartford "Courant," and, subsequently, an editor of the "Spectator" magazine and the "Insurance Field." (*But Still He "Saved" the Premiums*, page 61.)

B. D. COLE purchased an insurance agency in West Palm Beach in 1919. At that time business on the books was approximately $35,000 in net premiums. In 1926, at the height of the boom in southern Florida, net premiums were in excess of $925,000. (*Selling Insurance in Florida*, page 43.)

J. O. HONEYWELL joined the New Amsterdam Casualty in 1921, elected Assistant-Secretary 1933. Presently in charge of compensation, liability and automobile special risk underwriting. Member Baltimore bar. LL.B., University of Maryland. (*Miscellaneous Public Liability*, page 26.)

R. G. MCCALLUM is Field Supervisor of the Index System operated by the Association's Claims Bureau. B.C.S., Southwestern University. Positions held: Principal, School of Commerce, U. S. Marine Corps; Public Accountant, Price, Waterhouse & Co.; Special Accountant and Special Agent, Federal Bureau of Investigation, U. S. Dept. of Justice; Agent in Charge of Investigations, Farm Security Administration, U. S. Dept. of Agriculture. Served 5½ years in U. S. Marine Corps — First Sergeant. (*The Index System — History*, page 34.)

VICTOR J. MURRAY is Underwriter for Insurance Underwriters, Inc., Des Moines. Notre Dame. With Des Moines "Register" and "Tribune," then engaged in promotional and editorial work for well-known magazines. Member American Legion; Secretary, Knights of Columbus, Council 644. (*Tough Interviews Sharpen the Wits*, page 39.)

E. J. MACEWAN is Secretary of the Quincy (Massachusetts) Chamber of Commerce, and past President of the Columbia Regional Conference of Credit Bureau Executives. In addition, he is particularly active in an official capacity in numerous local organizations. (*Utilizing the Services of Your Local Chamber of Commerce*, page 8.)

J. DEWEY DORSETT is Manager of the Casualty Department of the Association of Casualty and Surety Executives. University of North Carolina. Following legal, banking and manufacturing experience, he later became Chairman of the North Carolina Industrial Commission. Former member of the U. S. Dept. of Labor Silicosis Committee, and a member, and former President, of the International Association of Industrial Accident Boards and Commissions. (*Safety and Compensation Laws*, page 5.)

J. LYNN AVERY has been in the insurance business for approximately 15 years and at the present time is Secretary of the Morrison Bond Company, Ltd., Long Beach, California, and Manager of its insurance department. (*Confidence Made — and Saved the Sale*, page 50.)

KWICK-KWIZ

For Our Busy Readers

Give yourself a nickel (or 5 points or 5 per cent, if you prefer) for each statement properly answered. Correct score is 100.

True False

1. Of all forms of insurance, casualty insurance today is showing one of the most rapid rates of growth. (Page 1.) [ ] [ ]

2. The average cost per automobile accident varies, roughly speaking, in inverse ratio to the speed. (Page 4.) [ ] [ ]

3. The Number One job of American business today is to show that business exists solely for profit. (Page 7.) [ ] [ ]

4. Unless he taps the "advance" facilities of and information available at his local Chamber of Commerce, the producer is apt to learn too late of business changes and other developments that might help him in his business. (Page 8.) [ ] [ ]

5. Resolutions and deliberations of the National Association of Insurance Commissioners have a binding force in law. (Page 15.) [ ] [ ]

6. While fidelity insurance has been offered by corporations engaged in suretyship for sixty-four years, it has become a widely marketable product only recently. (Page 16.) [ ] [ ]

7. Only about 100,000 copies of the National Conservation Bureau's "best seller" are in use in schools. (Page 21.) [ ] [ ]

8. When a woman gets into an automobile accident, it's a pretty sure bet that her immediate reaction will be to grip the wheel and become tense and silent. (Page 25.) [ ] [ ]

9. Storekeepers' burglary and robbery policies seem to sell most readily in small towns, with comparatively little appeal in urban centers. (Page 25.) [ ] [ ]

10. In determining products liability rates, units of the product manufactured, if such figures are available, would make a good basis for calculation. (Page 27.) [ ] [ ]

11. Shortage of gasoline in Denmark has brought about the introduction of foot-propelled taxis. (Page 32.) [ ] [ ]

12. The Index Bureau idea originated in small towns on the Pacific Coast. (Page 36.) [ ] [ ]

13. The insurance business should not rest content merely with the accomplishments of past performance. (Page 41.) [ ] [ ]

14. If a broom salesman sold a broom to the sales manager of a vacuum cleaner concern, said sales manager would do well to hire said salesman. (Page 42.) [ ] [ ]

15. The typical embezzler has been employed by his present concern for a short time only. (Page 44.) [ ] [ ]

16. Man and the Motor Car is the official title of a statue in a public square in Detroit. (Page 46.) [ ] [ ]

17. Hitler is "said to have said" that the secret of his "success" is to "say a thing but once." (Page 48.) [ ] [ ]

18. The outlook for casualty-surety sales for the coming months is gratifying. (Page 48.) [ ] [ ]

19. In the 1938–39 academic year, more than 1,500 college students were enrolled in courses devoted to casualty and/or property and casualty insurance. (Page 55.) [ ] [ ]

20. The current rising trend in insurance education is not only healthy but there is no alternative if the demands of changing conditions are to be met intelligently. (Page 60.) [ ] [ ]